

**SHIRE OF MEEKATHARRA**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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**SHIRE OF MEEKATHARRA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Revenue</b>				
Rates	8	3,935,465	3,822,168	3,812,136
Operating grants, subsidies and contributions		2,422,570	6,035,017	4,781,421
Fees and charges	14	1,364,294	1,367,458	1,168,961
Interest earnings	2(a)	597,797	525,758	558,085
Other revenue	2(a)	1,278,718	372,041	5,352,342
		<u>9,598,844</u>	<u>12,122,442</u>	<u>15,672,945</u>
<b>Expenses</b>				
Employee costs		(1,636,283)	(1,257,093)	(1,532,731)
Materials and contracts		(3,362,005)	(1,747,729)	(7,857,034)
Utility charges		(283,040)	(245,292)	(332,427)
Depreciation on non-current assets	2(a)	(5,671,846)	(5,698,001)	(4,250,890)
Interest expenses	2(a)	0	0	0
Insurance expenses		(213,754)	(273,028)	(217,269)
Other expenditure		(326,113)	(317,060)	(185,920)
		<u>(11,493,041)</u>	<u>(9,538,203)</u>	<u>(14,376,271)</u>
		(1,894,197)	2,584,239	1,296,674
Non-operating grants, subsidies and contributions		8,283,453	8,394,550	9,117,559
Profit on asset disposals	6	5,992	6,962	0
Loss on asset disposals	6	(59,789)	(16,022)	(39,500)
Loss on revaluation of non current assets		0	0	0
		<u>6,335,459</u>	<u>10,969,729</u>	<u>10,374,733</u>
<b>NET RESULT</b>				
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>6,335,459</u></u>	<u><u>10,969,729</u></u>	<u><u>10,374,733</u></u>

**Notes:**

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF MEEKATHARRA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Revenue (Refer Notes 1,2,8,10 to 14)</b>				
Governance		160	0	80
General purpose funding		6,452,641	9,842,375	7,882,898
Law, order, public safety		15,722	10,163	22,000
Education and welfare		144,903	115,488	128,973
Housing		25,500	29,624	0
Community amenities		136,942	132,544	132,391
Recreation and culture		188,920	197,465	247,221
Transport		1,325,145	1,346,572	1,833,977
Economic services		198,283	315,308	316,277
Other property and services		1,104,693	129,027	5,103,193
		<u>9,598,844</u>	<u>12,122,443</u>	<u>15,672,945</u>
<b>Expenses Excluding Finance Costs Refer Notes 1, 2 &amp; 15)</b>				
Governance		(571,441)	(511,007)	(599,633)
General purpose funding		(196,309)	(283,853)	(234,194)
Law, order, public safety		(178,526)	(158,326)	(153,418)
Health		(80,500)	(66,174)	(73,182)
Education and welfare		(660,001)	(470,008)	(632,561)
Housing		(25,500)	(6,547)	0
Community amenities		(675,163)	(470,959)	(616,015)
Recreation and culture		(1,495,750)	(1,228,722)	(1,576,403)
Transport		(5,915,820)	(5,417,294)	(4,720,875)
Economic services		(526,923)	(360,107)	(582,438)
Other property and services		(1,167,107)	(565,209)	(5,187,552)
		<u>(11,493,040)</u>	<u>(9,538,205)</u>	<u>(14,376,271)</u>
<b>Non-operating Grants, Subsidies and Contributions</b>				
Recreation and culture		200,000	0	200,000
Transport		8,083,453	8,394,550	8,917,559
		<u>8,283,453</u>	<u>8,394,550</u>	<u>9,117,559</u>
<b>Profit/(Loss) On</b>				
Disposal Of Assets (Refer Note 6)				
Law, order, public safety		0	(6,874)	0
Recreation and culture		554	0	0
Transport		(23,334)	(2,186)	(39,500)
Other property and services		(31,018)	0	0
		<u>(53,798)</u>	<u>(9,060)</u>	<u>(39,500)</u>
<b>NET RESULT</b>		<b>6,335,459</b>	<b>10,969,729</b>	<b>10,374,733</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>6,335,459</b></u>	<u><b>10,969,729</b></u>	<u><b>10,374,733</b></u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption. Fair value adjustments relating to the remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF MEEKATHARRA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		4,642,182	3,911,438	4,162,136
Operating grants, subsidies and contributions		4,972,570	5,027,916	4,822,486
Fees and charges		1,364,294	1,367,458	1,168,961
Service charges		0	0	0
Interest earnings		597,797	525,758	558,085
Goods and services tax		950,000	1,200,004	950,000
Other revenue		<u>1,278,718</u>	<u>372,041</u>	<u>5,352,342</u>
		13,805,561	12,404,615	17,014,010
<b>Payments</b>				
Employee costs		(1,636,283)	(1,251,869)	(1,557,286)
Materials and contracts		(2,799,086)	(2,916,054)	(7,289,544)
Utility charges		(283,040)	(245,292)	(332,427)
Interest expenses		0	0	0
Insurance expenses		(213,754)	(273,028)	(217,269)
Goods and services tax		(950,000)	(1,414,736)	(950,000)
Other expenditure		<u>(326,113)</u>	<u>(317,060)</u>	<u>(185,920)</u>
		(6,208,276)	(6,418,039)	(10,532,446)
<b>Net cash provided by (used in) operating activities</b>	3(b)	<u>7,597,285</u>	<u>5,986,576</u>	<u>6,481,564</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(2,882,175)	(1,286,896)	(1,482,735)
Payments for construction of infrastructure	5	(13,760,804)	(11,483,403)	(13,088,126)
Non-operating grants, subsidies and contributions used for the development of assets		8,283,453	8,394,550	9,117,559
Proceeds from sale of plant & equipment	6	237,800	39,767	20,000
<b>Net cash provided by (used in) investing activities</b>		<u>(8,121,726)</u>	<u>(4,335,982)</u>	<u>(5,433,302)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures	7	0	0	0
Proceeds from new debentures	7	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net cash provided by (used in) financing activities</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>Net increase (decrease) in cash held</b>		(524,441)	1,650,594	1,048,262
Cash at beginning of year		<u>20,150,147</u>	<u>18,499,553</u>	<u>15,593,949</u>
<b>Cash and cash equivalents at the end of the year</b>	3(a)	<u><u>19,625,706</u></u>	<u><u>20,150,147</u></u>	<u><u>16,642,211</u></u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF MEEKATHARRA  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	4	6,353,095	4,517,921	855,348
<b>Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)</b>	1,2			
Governance		160	0	80
General purpose funding		2,517,176	6,020,207	4,070,762
Law, order, public safety		15,722	10,163	22,000
Health		5,935	3,878	5,935
Education and welfare		144,903	115,488	128,973
Housing		25,500	29,624	0
Community amenities		136,942	132,544	132,391
Recreation and culture		189,474	197,465	247,221
Transport		1,325,145	1,353,534	1,833,977
Economic services		198,283	315,308	316,277
Other property and services		1,110,130	129,027	5,103,193
		<u>5,669,370</u>	<u>8,307,238</u>	<u>11,860,809</u>
<b>Expenditure from operating activities</b>	1,2			
Governance		(571,441)	(511,007)	(599,633)
General purpose funding		(196,309)	(283,853)	(234,194)
Law, order, public safety		(178,526)	(165,200)	(153,418)
Health		(80,500)	(66,174)	(73,182)
Education and welfare		(660,001)	(470,008)	(632,561)
Housing		(25,500)	(6,547)	0
Community amenities		(675,163)	(470,959)	(616,015)
Recreation and culture		(1,495,750)	(1,228,722)	(1,576,403)
Transport		(5,939,154)	(5,426,442)	(4,760,375)
Economic services		(526,923)	(360,107)	(582,438)
Other property and services		(1,203,562)	(565,209)	(5,187,552)
		<u>(11,552,829)</u>	<u>(9,554,228)</u>	<u>(14,415,771)</u>
<b>Operating activities excluded from budget</b>				
(Profit)/Loss on asset disposals	6	53,797	9,060	39,500
Depreciation on assets	2(a)	5,671,846	5,698,001	4,250,890
<b>Amount attributable to operating activities</b>		<u>6,195,279</u>	<u>8,977,991</u>	<u>2,590,776</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		8,283,453	8,394,550	9,117,559
Purchase property, plant and equipment	5	(2,882,175)	(1,286,896)	(1,482,735)
Purchase and construction of infrastructure	5	(13,760,804)	(11,576,687)	(13,088,126)
Proceeds from disposal of assets	6	237,800	39,767	20,000
<b>Amount attributable to investing activities</b>		<u>(8,121,726)</u>	<u>(4,429,266)</u>	<u>(5,433,302)</u>
<b>FINANCING ACTIVITIES</b>				
Transfers to cash backed reserves (restricted assets)	9	(3,403,699)	(2,292,799)	(969,610)
Transfers from cash backed reserves (restricted assets)	9	1,394,681	275,001	0
Amount attributable to financing activities		<u>(2,009,018)</u>	<u>(2,017,798)</u>	<u>(969,610)</u>
Budgeted deficiency before general rates		<u>(3,935,465)</u>	<u>2,530,927</u>	<u>(3,812,136)</u>
<b>Estimated amount to be raised from general rates</b>	8	<u>3,935,465</u>	<u>3,822,168</u>	<u>3,812,136</u>
<b>Net current assets at end of financial year - surplus/(deficit)</b>	4	<u>0</u>	<u>6,353,095</u>	<u>0</u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**The Local Government Reporting Entity**

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this budget.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 16 to this budget document.

**(b) 2016/17 Actual Balances**

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

**(c) Rounding Off Figures**

All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.

**(d) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the Shire obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

**(e) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**(f) Superannuation**

The Shire contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire contributes are defined contribution plans.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 - Net Current Assets.

**(h) Trade and Other Receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(i) Inventories**

***General***

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

***Land Held for Resale***

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Fixed Assets**

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

***Initial Recognition and Measurement between Mandatory Revaluation Dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land Under Roads***

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire



**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Fixed Assets (Continued)**

**Depreciation**

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

Major depreciation periods used for each class of depreciable asset are:

Buildings	25 to 40 years
Office Furniture and Equipment	1 to 20 years
Plant and Equipment	1 to 20 years
Roads Unformed	Not Depreciated
Roads Formed	Not Depreciated
Roads Gravel	15 years
Roads Sealed	50 years
Kerbing & Footpaths	20 years
Other Infrastructure	10 to 20 years
Drains and Sewers	80 to 100 years
Grids	20 years
Airfields and Runways	20 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

***Capitalisation Threshold***

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**(k) Fair Value of Assets and Liabilities**

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Fair Value of Assets and Liabilities (Continued)**

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

***Fair Value Hierarchy***

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

***Valuation techniques***

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Fair Value of Assets and Liabilities (Continued)**

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

**(l) Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**Classification and Subsequent Measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(I) Financial Instruments (Continued)**

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

*(v) Financial liabilities*

Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(l) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(m) Impairment of Assets**

In accordance with Australian Accounting Standards the Shire assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Impairment of Assets (Continued)**

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

**(n) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**(o) Employee Benefits**

**Short-Term Employee Benefits**

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other Long-Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

**(q) Provisions**

Provisions are recognised when the Shire has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(r) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**(s) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 19.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(t) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(u) Comparative Figures**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current budget year.

**(v) Budget Comparative Figures**

Unless otherwise stated, the budget comparative figures shown in this budget document relate to the original budget estimate for the relevant item of disclosure.



**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>	<b>2016/17 Budget \$</b>
<b>2. REVENUES AND EXPENSES</b>			
(a) <b>Net Result</b>			
The net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
Audit services	20,601	17,901	18,380
Other services	0	1,700	0
<b>Depreciation By Program</b>			
Governance	2,400	660	1,300
General purpose funding	0	0	0
Law, order, public safety	9,270	9,108	9,170
Health	0	0	820
Education and welfare	55,770	55,444	51,700
Housing	53,500	53,268	45,500
Community amenities	12,000	11,916	47,500
Recreation and culture	405,150	405,080	401,730
Transport	4,087,756	4,102,714	2,990,000
Economic services	21,000	21,046	30,500
Other property and services	1,025,000	1,038,765	672,670
	<u>5,671,846</u>	<u>5,698,001</u>	<u>4,250,890</u>
<b>Depreciation By Asset Class</b>			
Land and buildings	290,859	292,200	295,252
Furniture And Equipment	53,839	54,087	45,650
Plant And Equipment	1,071,162	1,076,101	643,942
Roads Infrastructure	3,611,337	3,627,990	2,727,670
Other Infrastructure	372,422	374,139	343,421
Infrastructure - Footpaths	54,774	55,026	0
Airport Infrastructure	217,454	218,456	194,955
	<u>5,671,846</u>	<u>5,698,001</u>	<u>4,250,890</u>
(ii) Crediting as revenues:			
<b>Interest Earnings</b>			
Investments			
- Reserve funds	429,797	401,795	455,085
- Other funds	45,000	13,346	45,000
Other interest revenue (refer note 12)	123,000	110,617	58,000
	<u>597,797</u>	<u>525,758</u>	<u>558,085</u>
(iii) <b>Other Revenue</b>			
Reimbursements and recoveries	1,180,293	181,830	5,186,647
Other	98,425	190,211	165,695
	<u>1,278,718</u>	<u>372,041</u>	<u>5,352,342</u>

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

**COMMUNITY VISION**

The Shire of Meekatharra is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**GOVERNANCE**

Administration and operation of facilities and services to members of council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and interest revenue Costs associated with raising of rates, collection of debts and other funding activities within this programme.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various by-laws, fire prevention, emergency services and animal control. Operation of Council's Ranger services.

**HEALTH**

Food quality and pest control, monitoring and control of environmental health. Contract Operation for Health issues within the Community.

**EDUCATION AND WELFARE**

Provision and maintenance of various premises in support of community services including Community Resource Centre. Financial assistance on a needs arise basis for the community's education and welfare. Provision, maintenance and support for the community youth centre.

**HOUSING**

Maintenance of staff and rental housing.

**COMMUNITY AMENITIES**

Rubbish collection services, operation of tip, noise control, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance and operation and maintenance of sewage schemes.

**RECREATION AND CULTURE**

Maintenance of halls, swimming pool, recreation centres and various reserves; operation of library, TV and Radio Broadcasting.

**TRANSPORT**

Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets; depot maintenance and airport maintenance.

**ECONOMIC SERVICES**

The regulation and provision of tourism, area promotion, building control noxious weeds, vermin control, and building controls.

**OTHER PROPERTY & SERVICES**

Private works operations and miscellaneous Plant operations, Overheads and Administration costs, initially charged here are reallocated to the relevant function area.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**3. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>	<b>2016/17 Budget \$</b>
Cash - unrestricted	55,057	2,588,516	140,685
Cash - restricted	<u>19,570,649</u>	<u>17,561,631</u>	<u>16,501,526</u>
	<u><u>19,625,706</u></u>	<u><u>20,150,147</u></u>	<u><u>16,642,211</u></u>

The following restrictions have been imposed by regulation or other externally imposed requirements:

Plant Reserve	3,112,297	3,032,837	3,043,008
Building Reserve	1,613,086	1,571,902	1,797,860
Shire Water Reserve	303,878	296,120	297,097
Airport Runway Reserve	2,771,971	2,701,200	2,710,109
Airport Reserve	921,532	898,004	956,148
Transport Reserve	905,165	644,380	646,505
Infrastructure & Development Reserve	958,192	933,728	936,808
Leave Reserve	174,896	170,430	170,993
Reseals & Rejuvenation Reserve	3,551,706	3,042,005	3,050,678
Interpretive Centre Reserve	1,780,957	1,248,253	1,252,370
Roads -Second / Final Seals Reserve	1,643,270	1,114,081	1,118,031
Lloyd's Revitalisation Reserve	1,033,699	520,073	521,918
Industrial Park Reserve	800,000	0	0
Unspent Grants Reserve	<u>0</u>	<u>1,388,617</u>	<u>0</u>
	<u><u>19,570,649</u></u>	<u><u>17,561,631</u></u>	<u><u>16,501,526</u></u>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net result	6,335,459	10,969,729	10,374,733
Depreciation	5,671,846	5698001	4,250,890
(Profit)/loss on sale of asset	53,797	9,060	39,500
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	3,256,717	(1,060,399)	391,065
(Increase)/decrease in inventories	70,000	(30,886)	85,000
Increase/(decrease) in payables	492,919	(1,204,377)	457,935
Increase/(decrease) in employee provisions	0	0	0
Grants/contributions for the development of assets	<u>(8,283,453)</u>	<u>(8,394,550)</u>	<u>(9,117,559)</u>
Net Cash from Operating Activities	<u><u>7,597,285</u></u>	<u><u>5,986,576</u></u>	<u><u>6,481,564</u></u>

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**3. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)**

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
<b>(c) Undrawn Borrowing Facilities</b>			
Credit Standby Arrangements			
Bank overdraft limit	1,000,000	1,000,000	1,000,000
Bank overdraft at balance date	0	0	0
Credit card limit	5,000	5,000	5,000
Credit card balance at balance date	0	0	0
Total Amount of Credit Unused	<u>1,005,000</u>	<u>1,005,000</u>	<u>1,005,000</u>
<b>Loan Facilities</b>			
Loan facilities in use at balance date	0	0	0
Unused loan facilities at balance date	0	0	0

4. NET CURRENT ASSETS	Note	2017/18 Budget \$	2016/17 Actual \$
Composition of estimated net current assets			
<b>CURRENT ASSETS</b>			
Cash - unrestricted	3(a)	55,057	2,588,516
Cash - restricted reserves	3(a)	19,570,649	17,561,631
Receivables		324,440	3,581,157
Inventories		<u>98,851</u>	<u>168,851</u>
		20,048,997	23,900,155
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables		(478,348)	14,571
Provisions		<u>(267,262)</u>	<u>(267,262)</u>
		(745,610)	(252,691)
<b>Unadjusted net current assets</b>		<u><b>19,303,387</b></u>	<u><b>23,647,464</b></u>
Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with FM Reg 32 as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.			
Adjustments			
Less: Cash - restricted reserves	3(a)	(19,570,649)	(17,561,631)
Less: Provisions provided in budget		<u>267,262</u>	<u>267,262</u>
<b>Adjusted net current assets - surplus/(deficit)</b>		<u><b>0</b></u>	<u><b>6,353,095</b></u>

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**5. ACQUISITION OF ASSETS**

The following assets are budgeted to be acquired during the year.

Asset Class	Reporting Program											2017/18 Budget Total \$	Predicted 2016/17 Actual Total \$
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education & Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Economic Services \$	Other Property and Services \$		
<i>Property, Plant and Equipment</i>													
Land And Buildings	0	0	0	0	75,900	483,975	6,000	1,172,500	163,000	0	192,200	2,093,575	651,953
Furniture And Equipment	15,000	0	0	0	0	0	0	9,100	0	0	19,500	43,600	48,938
Plant And Equipment	0	0	0	0	30,000	0	0	0	487,500	3,500	224,000	745,000	586,005
	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>105,900</b>	<b>483,975</b>	<b>6,000</b>	<b>1,181,600</b>	<b>650,500</b>	<b>3,500</b>	<b>435,700</b>	<b>2,882,175</b>	<b>1,286,896</b>
<i>Infrastructure</i>													
Roads Infrastructure	0	0	0	0	0	0	0	0	11,827,506	0	0	11,827,506	10,125,913
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	160,000	0	0	160,000	8,569
Other Infrastructure	0	0	6,200	0	11,500	0	575,000	667,895	141,000	345,703	0	1,747,298	636,158
Airport Infrastructure	0	0	0	0	0	0	0	0	26,000	0	0	26,000	806,048
spare	0	0	0	0	0	0	0	0	0	0	0	0	0
Spare	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>6,200</b>	<b>0</b>	<b>11,500</b>	<b>0</b>	<b>575,000</b>	<b>667,895</b>	<b>12,154,506</b>	<b>345,703</b>	<b>0</b>	<b>13,760,804</b>	<b>11,576,687</b>
<i>Land Held for Resale</i>													
Land Held for Resale													
<b>Total Acquisitions</b>	<b>15,000</b>	<b>0</b>	<b>6,200</b>	<b>0</b>	<b>117,400</b>	<b>483,975</b>	<b>581,000</b>	<b>1,849,495</b>	<b>12,805,006</b>	<b>349,203</b>	<b>435,700</b>	<b>16,642,979</b>	<b>12,863,583</b>

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document.

**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**6. DISPOSALS OF ASSETS**

The following assets are budgeted to be disposed of during the year.

<u>By Program</u>	2017/18 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
<b>Other Sport &amp; Rec</b>				
P385 - Holden Rodeo 2005 - YSRO (MK3685)	3,446.00	4,000	554	0
<b>Transport</b>				
P396 - Bomag 16.60 Tonne Padfoot Vibratory Roller	83,334	60,000	0	(23,334)
<b>Other Properties and Services</b>				
Lot 255 Darlot Street	77,166	50,000	0	(27,166)
P470 - 2013 Prado GXL (MK004)	36,823	37,100	277	0
P422 - 2009 Toyota Prado GXL - Project Officer (1EKA761)	19,289	10,000	0	(9,289)
P474 - 2014 Ford Ranger Wildtrak (1EPP427)	37,292	39,700	2,408	0
P459 - 2013 Toyota Prado GX (1EGN 476)	34,248	37,000	2,752	0
	<b>291,598</b>	<b>237,800</b>	<b>5,991</b>	<b>(59,789)</b>

<u>By Class</u>	2017/18 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Land and Buildings	77,166	50,000	0	(27,166)
Plant and Equipment	214,432	187,800	5,991	(32,623)
	<b>291,598</b>	<b>237,800</b>	<b>5,991</b>	<b>(59,789)</b>

**7. INFORMATION ON BORROWINGS**

**(a) Debenture Repayments**

The Shire does not have any loan debentures on issue.

**(b) New Debentures - 2017/18**

The Shire does not propose to raised any debt through the issue of debenture this financial year

**(c) Unspent Debentures**

The Shire has no unspent debenture funds as at 30th June 2017, nor is it expected to have unspent debentures funds as at 30th June 2018.

**(d) Overdraft**

Council established an overdraft facility during 2013/14 of \$1,000,000 with Westpac Bank to assist with short term liquidity requirements. It is not anticipated that this facility will be required to be utilised in 2017/18.

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**8. RATING INFORMATION - 2017/18 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>2017/18 Budgeted Rate Revenue \$</b>	<b>2017/18 Budgeted Interim Rates \$</b>	<b>2017/18 Budgeted Back Rates \$</b>	<b>2017/18 Budgeted Total Revenue \$</b>	<b>2016/17 Actual \$</b>
<b>Differential general rate or general rate</b>								
GRV	8.8869	308	4,125,732	366,650	500	3,500	370,650	353,470
UV - Mining	19.0389	666	16,343,972	3,111,712	500	0	3,112,212	3,043,356
UV - Rural/Pastoral	6.6484	41	4,336,436	288,303	0	500	288,803	262,892
<b>Sub-Totals</b>		1,015	24,806,140	3,766,665	1,000	4,000	3,771,665	3,659,718
<b>Minimum payment</b>	<b>Minimum \$</b>							
GRV	400	98	55,697	39,200	0	0	39,200	39,600
UV - Mining	350	349	303,901	122,150	0	0	122,150	120,750
UV - Rural/Pastoral	350	7	12,706	2,450	0	0	2,450	2,100
<b>Sub-Totals</b>		454	372,304	163,800	0	0	163,800	162,450
Discounts (Note 13)							0	0
<b>Total amount raised from general rates</b>							<b>3,935,465</b>	<b>3,822,168</b>
Specified area rates (Note 10)							0	0
<b>Total Rates</b>							<b>3,935,465</b>	<b>3,822,168</b>

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**8(a). RATING INFORMATION - 2017/18 FINANCIAL YEAR (CONTINUED)**

All land except exempt land in the Shire of Meekatharra is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of Meekatharra.

The general rates detailed above for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

**OBJECTIVES AND REASONS FOR DIFFERENTIAL RATING**

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating

**Differential General Rate**

Description	Characteristics	Objects	Reasons
GRV	Properties within the townsite boundaries.	The object of the GRV rate is to allow sufficient revenue for Council to operate efficiently and provide a diverse range of services while maintain consistent revenue to 2016/17 for GRV assessments.	The reason for the level of GRV rate is to allow for a fair contribution to the maintenance and provision of town infrastructure and services to a sustainable level.
UV - Rural/Pastoral	Properties within the Shire that are predominately for rural use.	The object of the UV Pastoral rate is to ensure that the proportion of total rate revenue derived from UV Pastoral is comparable with previous years.	The reason for the lower rate for UV Pastoral is to reflect the lower impact on transport infrastructure compared to the UV Mining category. It also ensures that every landowner makes a reasonable contribution to the rate burden



**SHIRE OF MEEKATHARRA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**8(a). RATING INFORMATION - 2017/18 FINANCIAL YEAR (CONTINUED)**

**Differential General Rate**

UV - Mining	Properties within the Shire with a mining, exploration or prospecting tenement lease.	The object of the UV Mining rate is to raise the necessary revenue for Council to operate efficiently and provide a diverse range of services.	<p>The reason for setting UV Mining rate at a higher level than UV Pastoral is to ensure a sector of ratepayers that essentially are transitory contributes to the maintenance of the Shire's established assets and services to the extent that the mining operators use them.</p> <p>Amongst the services utilised by ratepayers with tenements would be the extensive network of unsealed roads within the Shire. A substantial amount of budgeted capital expenditure is for works on Shire roads. Generally, mining operators use established Shire services and infrastructure but contribute very little or no enterprise to the community.</p> <p>Mining and Exploration activities impose a heavy burden on the shire refuse site increasing maintenance cost and shortening the life of the landfill site. Mining removes finite resources from the shire. Ultimately this will have an impact on the mining industry within the shire, which will in turn impact rate revenue in future years.</p> <p>In addition to this Mining, Exploration and Prospecting activities impose a greater administration service requirement on the shire (applications, enquiries, tenement changes and revaluations).</p>
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**Differential minimum payment**

Description	Characteristics	Objects	Reasons
GRV	Properties within the townsite boundaries.	The minimum for GRV is higher than that for the UV Categories as a number of the assessments that the minimum will apply to are vacant blocks. Additional expense is incurred by council in maintaining these vacant lots in a clean and safe condition as owners are generally absent.	The minimum is a realistic contribution that any property should make towards the cost of services provided.
UV Rural Minimum	Properties within the Shire that are predominately for rural use.	The object of the minimums is to ensure every landowner makes a reasonable contribution to the rate burden.	
UV Mining Minimum	Properties within the Shire with a mining, exploration or prospecting tenement lease.		

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**9. CASH BACKED RESERVES**

	2017/18 Budget				
	Opening Balance \$	Transfer to \$	Interest \$	Transfer (from)	Closing Balance \$
Plant Reserve	3,032,837	0	79,460	0	3,112,297
Building Reserve	1,571,902	0	41,184	0	1,613,086
Shire Water Reserve	296,120	0	7,758	0	303,878
Airport Runway Reserve	2,701,200	0	70,771	0	2,771,971
Airport Reserve	898,004	0	23,528	0	921,532
Transport Reserve	644,380	243,902	16,883	0	905,165
Infrastructure & Development Reserve	933,728	0	24,464	0	958,192
Leave Reserve	170,430	0	4,465	0	174,896
Reseals & Rejuvenation Reserve	3,042,005	430,000	79,701	0	3,551,706
Interpretive Centre Reserve	1,248,253	500,000	32,704	0	1,780,957
Roads -Second / Final Seals Reserve	1,114,081	500,000	29,189	0	1,643,270
Lloyd's Revitalisation Reserve	520,073	500,000	13,626	0	1,033,699
Industrial Park Reserve	0	800,000	0	0	800,000
Unspent Grants Reserve	1,388,617	0	6,064	(1,394,681)	0
	<b>17,561,631</b>	<b>2,973,902</b>	<b>429,797</b>	<b>(1,394,681)</b>	<b>19,570,649</b>

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**9. CASH BACKED RESERVES (Continued)**

	2016/17 Actual					2016/17 Budget				
	Opening Balance \$	Transfer to \$	Interest	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Interest	Transfer (from)	Closing Balance \$
Plant Reserve	2,958,655	0	74,182	0	3,032,837	2,956,386	0	86,622	0	3,043,008
Building Reserve	1,748,025	0	43,878	(220,000)	1,571,902	1,746,683	0	51,177	0	1,797,860
Shire Water Reserve	288,862	0	7,258	0	296,120	288,640	0	8,457	0	297,097
Airport Runway Reserve	2,634,988	0	66,211	0	2,701,200	2,632,964	0	77,145	0	2,710,109
Airport Reserve	929,645	0	23,360	(55,001)	898,004	928,931	0	27,217	0	956,148
Transport Reserve	628,585	0	15,795	0	644,380	628,102	0	18,403	0	646,505
Infrastructure & Development Reserve	910,841	0	22,887	0	933,728	910,141	0	26,667	0	936,808
Leave Reserve	166,253	0	4,177	0	170,430	166,125	0	4,868	0	170,993
Reseals & Rejuvenation Reserve	2,465,844	514,525	61,636	0	3,042,005	2,463,959	514,525	72,194	0	3,050,678
Interpretive Centre Reserve	1,217,656	0	30,597	0	1,248,253	1,216,720	0	35,650	0	1,252,370
Roads -Second / Final Seals Reserve	1,087,032	0	27,049	0	1,114,081	1,086,205	0	31,826	0	1,118,031
Lloyd's Revitalisation Reserve	507,447	0	12,627	0	520,073	507,061	0	14,857	0	521,918
Unspent Grants Reserve	0	1,376,479	12,138	0	1,388,617	0	0	0	0	0
	15,543,832	1,891,004	401,795	(275,001)	17,561,631	15,531,917	514,525	455,085	0	16,501,526

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**9. CASH BACKED RESERVES (Continued)**

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

**Purpose of the reserve**

Plant Reserve	- to be used for the acquisitions of major plant on an ongoing basis.
Building Reserve	- to be used for the future building requirements for Council purposes.
Shire Water Reserve	- to be used for capital water requirements of parks and gardens administered by the Shire.
Airport Runway Reserve	- to be used to fund the future construction, requirements of the airport runway.
Airport Reserve	- to be used to fund the capital improvements of the airport infrastructure.
Transport Reserve	- to be used to fund the expansion of the road network that cannot be met by Operating Income.
Infrastructure & Development Reserve	- to be used to develop existing town infrastructure of a commercial or non commercial nature and fund projects deemed by Council to provide a necessary long term employment or economic benefit to the community.
Leave Reserve	- to be used to fund annual and long service leave requirements.
Reseals & Rejuvenation Reserve	- to be used to fund reseals and rejuvenation of sealed roads.
Interpretive Centre Reserve	- to be used to acquire and refurbish the Interpretive Centre.
Roads -Second / Final Seals Reserve	- to be used to fund final seals to roads that have previously been primer sealed.
Lloyd's Revitalisation Reserve	- to be used to fund the renovations and building works as per Meeka Revitalisation Plan at Lloyd's Building.
Industrial Park Reserve	- to be used to fund the development of a new industrial park within the Shire
Unspent Grants Reserve	- to be used to quarantine unspent tied grant funds

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**10. SPECIFIED AREA RATE - 2017/18 FINANCIAL YEAR**

The Shire of Meekatharra does not impose a specified area rate as prescribed under the Local Government Act WA.

**11. SERVICE CHARGES - 2017/18 FINANCIAL YEAR**

The Shire of Meekatharra does not impose a service charge as prescribed under the Local Government Act WA.

**12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES - 2017/18 FINANCIAL YEAR**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Plan Admin Charge \$</b>	<b>Instalment Interest Rate %</b>	<b>Unpaid Interest Rate %</b>
Payment in Full Full Payment	26/08/2017	0	0.00%	0%
<b>Payment by Instalment</b>				
First Instalment	26/08/2017	0	5.50%	10%
Second Instalment	30/10/2017	15	5.50%	10%
Third Instalment	3/01/2018	15	5.50%	10%
Fourth Instalment	9/03/2018	15	5.50%	10%

	<b>2017/18 Budget Revenue \$</b>	<b>2016/17 Actual \$</b>
Interest on Unpaid Rates	95,000	100,512
Interest on Instalment Plan	28,000	10,104
Charges on Instalment Plan	10,000	9,465
Interest on Unpaid Debtors	0	0
	<b>133,000</b>	<b>120,082</b>

**13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS  
- 2017/18 FINANCIAL YEAR**

No discounts are offered for early payment of rates.

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

<b>14. FEES &amp; CHARGES REVENUE</b>	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>
General purpose funding	14,850	14,524
Law, order, public safety	4,000	2,990
Health	5,670	3,878
Housing	21,000	22,326
Community amenities	135,942	132,544
Recreation and culture	49,920	35,505
Transport	988,229	1,024,146
Economic services	142,783	127,879
Other property and services	1,900	3,666
	<u>1,364,294</u>	<u>1,367,458</u>

<b>15. ELECTED MEMBERS REMUNERATION</b>	<b>2017/18 Budget \$</b>	<b>2016/17 Actual \$</b>
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.		
Meeting fees	24,000	15,293
Mayor/President's allowance	8,000	8,000
Deputy Mayor/President's allowance	2,000	2,000
Travelling expenses	1,200	1,233
Telecommunications allowance	500	0
	<u>35,700</u>	<u>26,526</u>

**SHIRE OF MEEKATHARRA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2018**

**16. TRUST FUNDS**

Funds held at balance date over which the local government has no control and which are not included in the financial statements are as follows:

Detail	Balance 1-Jul-17 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-18 \$
Unclaimed Monies	26,991	0	(293)	26,698
Library Deposits	405	0	0	405
Building Industry Training Levy	104	0	0	104
Builders Registration Boards	44	0	0	44
Housing Bonds	0	0	0	0
Nomination Deposits	0	0	0	0
Stockyard Caretaking	0	0	0	0
Miscellaneous Deposits	4,585	0	0	4,585
Picture Fund	0	0	0	0
Housing Sold	60,577	0	0	60,577
Bus Hire	525	0	0	525
	<u>93,230</u>	<u>0</u>	<u>(293)</u>	<u>92,937</u>

**17. MAJOR LAND TRANSACTIONS**

It is not anticipated that any major land transactions undertakings will occur in 2017/2018

**18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/2018.

**19. INTERESTS IN JOINT ARRANGEMENTS**

The Shire has no Interests in Joint Arrangements